duced that fall), and they, in turn, become apprehensive that a similar fate is imminent for their own holdings; extended sales ensue under the power of a fear that may be entirely groundless, and the collapse of values is thus induced from market to market, and a panic occurs; for a panic [1] is simply an outbreak of the emotion of terror affecting a multitude of persons in common, and rendered more perilous by this wider area for the action and reaction of sympathy.

The difficult but imperative attitude to be maintained—if possible—in this period of clamorous fear is clearness and steadiness of judgment; sound investments will inevitably return to stable equilibrium ; and the reward is to the investor who can retain feeling within its boundary when the intellect is threatened with submergence. The time when these unguided feelings are the sole controllers of prices is the precise moment when judgment should step in to buy.

The prices of securities are sometimes stated to move in sympathy with the bank rate. Here again the metaphor may confuse the investor until it is transmuted into its literal form. When the bank rate is low, or money may be borrowed and bills of exchange converted into money on easy terms— purchases of securities tend to increase in number and volume (with a consequent advance of their price from competition) from the twofold cause of loans being obtainable at a cheap rate with which to buy securities yielding a higher return, and capitalists securing a more profitable income from investments on the exchange than from deposits with banks or from the employment of their funds in. business generally on the lower' prevailing terms. The opposite effect is produced when the rate for loans charged by the bank and the market generally exhibits a rise.

[1] Panic: the term implies a sudden or foundationless or unreasoning fear, such as that caused by sounds heard in lonely places at night and supposed to be inspired by the mysterious and invisible goat-god Pan. *navwds,* belonging, or sacred, to Pan.